

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Haight	County Ontonagon
Audit Date March 31, 2006	Opinion Date July 12, 2006	Date Accountant Report Submitted to State: July 21, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686			
City Bay City	State MI	Zip 48707	
Accountant Signature <i>Campbell, Kusterer & Co., P.C.</i>			

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 12, 2006

To the Township Board
Township of Haight
Ontonagon County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Haight, Ontonagon County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Haight's management. Our responsibility is to express opinions on these financial statements based on our audit.

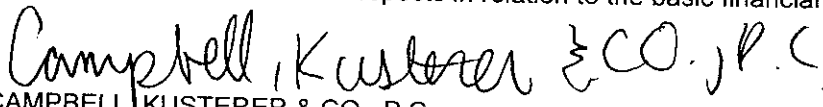
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Haight, Ontonagon County, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2005.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Haight covers the Township's financial performance during the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained approximately the same.

Overall revenues were \$61,712.03 from governmental activities with a \$11,128.12 decrease in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of the basic financial statements and required supplementary information.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole. The statement of net assets includes all the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

All of the activities of the Township are reported as governmental activities. These include the General Fund and the Road Improvement Fund.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are building and grounds incurred expenses of \$18,335.11.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$2,300.00 in capital assets.

The Township's governmental activities paid \$0 in principal on long-term debt.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at Haight Township Clerk, 10663 US Hwy 45 S. Bruce Crossing, Michigan 49912, Phone (906) 827-3319.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	
Taxes receivable	157 236 07
	<u>944 90</u>
Total Current Assets	<u>158 180 97</u>
NON-CURRENT ASSETS:	
Capital Assets	219 102 01
Less: Accumulated Depreciation	<u>214 037 42</u>
Total Non-current Assets	<u>5 064 59</u>
TOTAL ASSETS	<u>163 245 56</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	5 064 59
Unrestricted	<u>158 180 97</u>
Total Net Assets	<u>163 245 56</u>
TOTAL LIABILITIES AND NET ASSETS	<u>163 245 56</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	5 455 43	-	(5 455 43)
General government	42 495 83	12 567 99	(29 927 84)
Public safety	13 734 86	680 00	(13 054 86)
Public works	11 154 03	-	(11 154 03)
Total Governmental Activities	<u>72 840 15</u>	<u>13 247 99</u>	<u>(59 592 16)</u>
General Revenues:			
Property taxes			27 817 60
Other taxes			344 05
State revenue sharing			17 943 27
Interest			1 695 62
Miscellaneous			663 50
Total General Revenues			<u>48 464 04</u>
Change in net assets			(11 128 12)
Net assets, beginning of year			<u>174 373 68</u>
Net Assets, End of Year			<u>163 245 56</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	<u>General</u>	<u>Road Improvement</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	50 339 18	106 820 32	157 159 50
Taxes receivable	944 90	-	944 90
Due from other funds	<u>76 57</u>	<u>-</u>	<u>76 57</u>
Total Assets	<u>51 360 65</u>	<u>106 820 32</u>	<u>158 180 97</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	51 360 65	106 820 32	158 180 97
Total fund equity	<u>51 360 65</u>	<u>106 820 32</u>	<u>158 180 97</u>
Total Liabilities and Fund Equity	<u>51 360 65</u>	<u>106 820 32</u>	<u>158 180 97</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	158 180 97
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	219 102 01
Accumulated depreciation	<u>(214 037 42)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>163 245 56</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended March 31, 2006

	<u>General</u>	<u>Road Improvement</u>	<u>Total</u>
Revenues:			
Property taxes	16 675 70	11 141 90	27 817 60
Other taxes	344 05	-	344 05
Licenses and permits	680 00	-	680 00
State revenue sharing	17 943 27	-	17 943 27
Charges for services:			
Cemetery lots	1 310 00	-	1 310 00
Property tax administration	9 708 45	1 549 54	11 257 99
Interest	1 695 62	-	1 695 62
Miscellaneous	663 50	-	663 50
Total revenues	<u>49 020 59</u>	<u>12 691 44</u>	<u>61 712 03</u>
Expenditures:			
Legislative:			
Township Board	5 504 10		5 504 10
General government:			
Supervisor	6 162 00	-	6 162 00
Elections	696 21	-	696 21
Assessor	4 435 96	-	4 425 96
Clerk	5 481 22	-	5 481 22
Board of Review	553 13	-	553 13
Treasurer	7 819 22	-	7 819 22
Building and grounds	18 335 11	-	18 335 11
Cemetery	2 680 00	-	2 680 00
Public safety:			
Liquor law enforcement	522 48	-	522 48
Fire protection	4 292 44	-	4 292 44
Ambulance	3 901 98	-	3 901 98
Protective inspection	392 00	-	392 00
Planning and zoning	200 00	-	200 00
Public works:			
Highways and streets	-	9 246 33	9 246 33
Street lighting	-	1 859 03	1 859 03
Capital outlay	2 300 00	-	2 300 00
Total expenditures	<u>63 275 85</u>	<u>11 105 36</u>	<u>74 371 21</u>
Excess (deficiency) of revenues over expenditures	(14 255 26)	1 586 08	(12 659 18)
Fund balances, April 1	<u>65 605 91</u>	<u>105 234 24</u>	<u>170 840 15</u>
Fund Balances, March 31	<u>51 350 65</u>	<u>106 820 32</u>	<u>158 180 97</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (12 659 18)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(768 94)
Capital Outlay	<u>2 300 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (11 128 12)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Haight, Ontonagon County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Haight. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulating provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Investments

Investments are stated at market.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2005 tax roll millage rate was 2.0251 mills, and the taxable value was \$8,627,370.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50 years
Furniture and equipment	10-15 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$5,064.59.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>157,236.07</u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 3 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 076 57
Uninsured and Uncollateralized	<u>59 775 53</u>
Total Deposits	<u>159 852 10</u>

The Township of Haight did not have any investments as of March 31, 2006.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
<u>Governmental Activities:</u>				
Land	129 600 00	-	-	129 600 00
Buildings and improvement	76 894 35	2 300 00	-	79 194 35
Equipment	<u>10 307 66</u>	<u>-</u>	<u>-</u>	<u>10 307 66</u>
Total	216 802 01	2 300 00	-	219 102 01
Accumulated Depreciation	<u>(213 268 48)</u>	<u>(768 94)</u>	<u>-</u>	<u>(214 037 42)</u>
Net Capital Assets	<u>3 533 53</u>	<u>1 531 06</u>	<u>-</u>	<u>5 064 59</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2006, the Township had building permit revenues of \$680.00 and building permits expenses of \$392.00.

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>76.57</u>	Current Tax Collection	<u>76.57</u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	15 000 00	15 000 00	16 675 70	1 675 70
Other taxes	260 00	260 00	344 05	84 05
Licenses and permits	1 000 00	1 000 00	680 00	(320 00)
State revenue sharing	18 000 00	18 000 00	17 943 27	(56 73)
Charges for services:				
Cemetery lots	500 00	500 00	1 310 00	810 00
Property tax administration	7 000 00	7 000 00	9 708 45	2 708 45
Interest	600 00	600 00	1 695 62	1 095 62
Miscellaneous	250 00	250 00	663 50	413 50
Total revenues	<u>42 610 00</u>	<u>42 610 00</u>	<u>49 020 59</u>	<u>6 410 59</u>
Expenditures:				
Legislative:				
Township Board	5 550 00	5 550 00	5 504 10	(45 90)
General government:				
Supervisor	6 920 00	6 920 00	6 162 00	(758 00)
Elections	900 00	900 00	696 21	(203 79)
Assessor	4 890 00	4 890 00	4 425 96	(464 04)
Clerk	5 500 00	5 500 00	5 481 22	(18 78)
Board of Review	900 00	900 00	553 13	(346 87)
Treasurer	8 300 00	8 300 00	7 819 22	(480 78)
Building and grounds	21 000 00	21 000 00	18 335 11	(2 664 89)
Cemetery	3 200 00	3 200 00	2 680 00	(520 00)
Public safety:				
Liquor law enforcement	600 00	600 00	522 48	(77 52)
Fire protection	4 300 00	4 300 00	4 292 44	(7 56)
Ambulance	4 000 00	4 000 00	3 901 98	(98 02)
Protective inspection	400 00	400 00	392 00	(8 00)
Zoning	200 00	200 00	200 00	-
Capital outlay	2 600 00	2 600 00	2 300 00	(300 00)
Total expenditures	<u>69 260 00</u>	<u>69 260 00</u>	<u>63 265 85</u>	<u>(5 994 15)</u>
Excess (deficiency) of revenues over expenditures	(26 650 00)	(26 650 00)	(14 245 26)	12 404 74
Fund balance, April 1	<u>26 650 00</u>	<u>26 650 00</u>	<u>65 605 91</u>	<u>38 955 91</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>51 360 65</u>	<u>51 360 65</u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD IMPROVEMENT FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	12 000 00	12 000 00	11 141 90	(858 10)
Charges for services:				
Property tax administration	<u>2 000 00</u>	<u>2 000 00</u>	<u>1 549 54</u>	<u>(450 46)</u>
Total revenues	<u>14 000 00</u>	<u>14 000 00</u>	<u>12 691 44</u>	<u>(1 308 56)</u>
Expenditures:				
Public works:				
Highways and streets	9 500 00	9 500 00	9 246 33	(253 67)
Street lighting	<u>2 000 00</u>	<u>2 000 00</u>	<u>1 859 03</u>	<u>(140 97)</u>
Total expenditures	<u>11 500 00</u>	<u>11 500 00</u>	<u>11 105 36</u>	<u>(394 64)</u>
Excess (deficiency) of revenues over expenditures	2 500 00	2 500 00	1 586 08	(913 92)
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>105 234 24</u>	<u>105 234 24</u>
Fund Balance, March 31	<u><u>2 500 00</u></u>	<u><u>2 500 00</u></u>	<u><u>106 820 32</u></u>	<u><u>104 320 32</u></u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Township Board:	
Salaries	3 000 00
Membership and dues	210 50
Miscellaneous	396 00
Social security	1 897 60
	<u>5 504 10</u>
Supervisor:	
Salary	4 500 00
Supplies	1 563 60
Mileage	98 40
	<u>6 162 00</u>
Elections:	
Wages	500 00
Supplies	102 61
Mileage	93 60
	<u>696 21</u>
Assessor:	
Wages	3 189 96
Miscellaneous	1 236 00
	<u>4 425 96</u>
Clerk:	
Salary	4 500 00
Supplies	142 17
Mileage	198 40
Miscellaneous	640 65
	<u>5 481 22</u>
Board of Review:	
Wages	553 13
	<u>553 13</u>
Treasurer:	
Salary	6 300 00
Supplies	855 22
Mileage	664 00
	<u>7 819 22</u>
Building and grounds:	
Wages	1 610 00
Operating supplies	1 187 32
Communications	448 15
Insurance	3 063 00
Repairs and maintenance	11 492 25
Miscellaneous	150 00
Street Lights	-
Utilities	384 39
	<u>18 335 11</u>
Cemetery:	
Wages	2 680 00
Liquor law enforcement:	
Wages	522 48
	<u>522 48</u>
Fire protection:	
Contracted services	4 292 44
	<u>4 292 44</u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Ambulance:	
Contracted services	<u>3 901 98</u>
Protective inspection:	
Wages	264 00
Mileage	24 00
Miscellaneous	<u>104 00</u>
Planning and zoning:	<u>392 00</u>
Wages	<u>200 00</u>
Capital outlay	<u>2 300 00</u>
Total Expenditures	<u><u>63 265 85</u></u>

TOWNSHIP OF HAIGHT
Ontonagon County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2006

	<u>Balance</u> <u>4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/06</u>
<u>Assets</u>				
Cash in Bank	<u>78 63</u>	<u>361 572 30</u>	<u>361 574 36</u>	<u>76 57</u>
<u>Liabilities</u>				
Due to other funds	78 63	19 569 89	19 571 95	76 57
Due to other units	<u>-</u>	<u>342 002 41</u>	<u>342 002 41</u>	<u>-</u>
Total Liabilities	<u>78 63</u>	<u>361 572 30</u>	<u>361 574 36</u>	<u>76 57</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 12, 2006

To the Township Board
Township of Haight
Ontonagon County, Michigan

We have audited the financial statements of the Township of Haight for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Haight in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Haight
Ontonagon County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2006. The implementation of this pronouncement for the Township of Haight began with the year ended March 31, 2006. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

To the Township Board
Township of Haight
Ontonagon County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & CO., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants